

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Saudi Arabia

Post: Riyadh

Remarkable Success for U.S. Wheat in Saudi Arabia

Report Categories:

Export Accomplishments - Other

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Report Highlights:

In 2009, U.S. wheat exports to Saudi Arabia was zero, however, during October 2010 to August 2011, it has remarkably increased to 550,000 MT which was valued at \$183 million.

Trade:

Remarkable Success for U.S. Wheat in Saudi Arabia

The Grain Silos and Flour Mills Organization (GSFMO) is a Saudi government agency based in Riyadh with authority to purchase wheat, mill and distribute wheat flour domestically.

On April 20, 2011, the GSFMO issued its first tender for marketing year (MY) 2011 to import 275,000 metric tons (MT) of wheat with 12.5 percent protein content. According to the tender results, which were issued by the GSFMO on April 25, U.S. and Canada will each supply 110,000 MT of wheat while Germany will export 55,000 MT to Saudi Arabia. The wheat will be imported in five shipments from July 10 to August 30, 2011. The average purchase price for the five wheat shipments was \$402.56 per metric ton.

In February 27, 2011, the GSFMO purchased 220,000 MT of wheat from the U.S. and 55,000 MT from Brazil. The average purchase price was \$391 per MT. The April 25 GSFMO's tender brought the total U.S. wheat exports to Saudi Arabia for October 2010 to August 2011 to 550,000 MT which is valued at \$183 million.

Saudi Arabia wheat import in MY2011 is forecasted to increase by 14 percent to reach 2 million metric tons. Saudi government aims at increasing wheat imports in MY2011 to maintain ending stock level equal to six months of total domestic consumption. By 2015, the Saudi government plans to increase ending wheat stock to one year's total domestic consumption.

Table I. Import Quantities and Delivery Dates for April 25 GSFMO Wheat Tender

Jeddah Sea Port (Quantity in 1000 MT)		Dammam Sea Port (Quantity in 1000 MT)	
Delivery Dates	Quantity (+/-5%)	Delivery Dates	Quantity (+/-5%)
July 10-20, 2011	55	August 1-10, 2011	55
August 1-10, 2011	55	August 20-30, 2011	55
August 20-30, 2011	55		
Total Quantity	165		110

Table II. Import Quantities and Delivery Dates for per February 27 GSFMO Wheat Purchase

Jeddah Sea Port (Quantity in 1000 MT)		Dammam Sea Port (Quantity in 1000 MT)	
Delivery Dates	Quantity (+/-5%)	Delivery Dates	Quantity (+/-5%)
May 10-20, 2011	55	May 15-25, 2011	55
June 1-10, 2011	55	June 10-20, 2011	55
June 20-30, 2011	55		
Total Quantity	165		110

Capacity Building Programs Offered by the U.S. Wheat Associates (USWA) in Cooperation with ATO Riyadh

Since Saudi Arabia commenced wheat imports at the end of 2008, ATO Riyadh has been working with the USWA regional office in Cairo to conduct various capacity building activities in order to increase the U.S. wheat market share in Saudi Arabia. The capacity building activities, which included seminars, training and reverse trade mission, were designed to assist GSFMO wheat purchasers and management understand the quality, value, use and reliability of various U.S. wheat varieties namely hard red winter, soft red winter, hard red spring, soft white, durum, and hard white wheat.

Over the past two years, USWA Cairo and ATO Riyadh have joined hands to conduct the following capacity building activities aimed at raising GSFMO's awareness and knowledge of U.S. wheat qualities and versatility.

I. Up Coming Activities:

1. May, 2011 Wheat Trading Techniques Cairo, Egypt

ATO Riyadh has nominated major Saudi grain traders to participate in a 2-day wheat trading workshop sponsored by USWA. The workshop will be held Cairo in mid-May 2011. The training will focus on risk management tools such as contract terms, quality specifications, global S & D for both wheat and freight, shipping terminology, wheat inspection process and other procurement issues.

2. June 6-17, 2011 IAOM-KSU MILL Processes I and II Short Courses Manhattan, Kansas

ATO Riyadh has assisted in recruiting two GSFMO wheat purchasers to participate in 11 days IAOM-KSU MILL Processes I and II: Basic and Advanced Milling Principles Short Courses which is scheduled for June 6-17, 2011 at the International Grains Program (IGP) in Manhattan, Kansas,

II. Conducted Activities:

1. February 21, 2011

**U.S. Wheat Quality Seminar
GSFMO Headquarters, Riyadh**

Topics discussed include:

- How to use the U.S. Wheat Associates Crop Quality Booklet
- 2010 U.S. Wheat Crop Quality Report
- Understanding Basis and the Price Report
- Development of Biotech Wheat
- World Wheat Outlook
- Why use Wheat Blending
- An Effective IFB Document

2. June 27-July 3, 2010

**Saudi Wheat Purchasing Educational Mission
Portland, Oregon**

The USWA sponsored a three GSFMO wheat purchaser team on U.S. wheat purchasing educational mission from June 27-July 3, 2010. The team, which was headed by its Director General, H.E. Eng. Waleed A. ElKhereiji, visited Portland, Oregon, Kansas City and Washington, DC to meet with U.S. wheat trade, FGIS and FAS officials. The GSFMO team's program was developed to provide information on grain exchange operations as tools for price discovery, U.S. wheat classes and their usage, country elevator operations, the FGIS inspection system, typical trading practices and export elevator vessel loading systems.

3. November 15, 2009

**U.S. Wheat Quality Seminar
GSFMO Headquarters, Riyadh**

Topics discussed include:

- American Wheat Types and Uses
- 2009 U.S. Wheat Crop Quality Overview
- The Domestic Handling System for U.S. Wheat
- Special Features of the U.S. Grain Inspection System (FGIS)

- World Wheat Outlook Summary
- Getting the Wheat you want
- Understanding the USW Price Report
- Market Information Sources

4. Grain Purchasing Short Courses

The USWA sponsored a total of four GSFMO wheat purchasers to travel to the U.S.A. to attend the Grain Purchasing Short Courses in 2010 and 2009. The one-week course was given at the Wheat Marketing Center in Portland, USA.